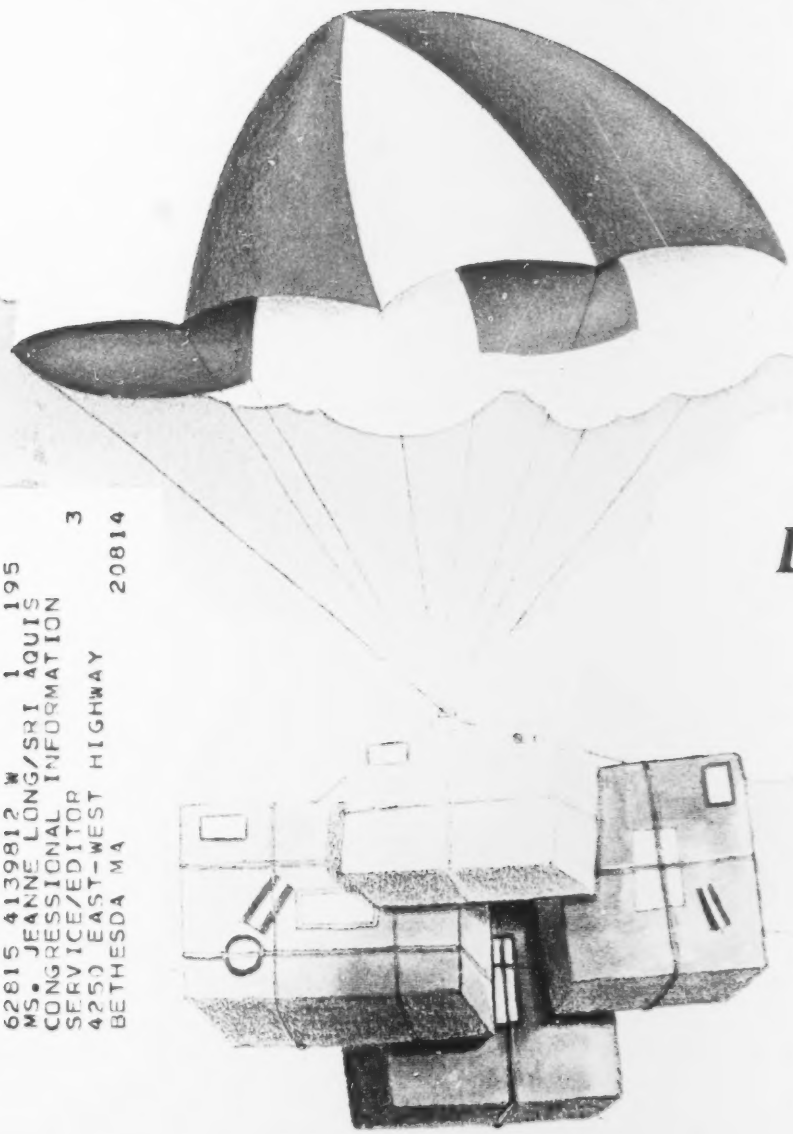
Industrial Distribution

August 1984

Hotline:
Resale-price
maintenance
on the horizon
for distributors



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INDUSTRY NEWS...

Indicators . . .

Despite the decline of some indicators, the overall trend is a positive one. The *NIDA-SIDA Industrial Distribution Index* rose to 134.9 in May, a 2.0% improvement over April. The largest single gain was in the south where the *Index* rose 3.7% to 125.5; this gain follows four months of decline. Continued improvement was shown in the west, up 2.6%, while the midwest dropped 0.2% and the east was down 2.4% The *NIDA-SIDA Industrial Supply Inflation Index* was up 0.6% in April. The current *Inflation Index* represents a 1.9% growth in inflation since April 1983 . . . The *SIDA Monthly Sales Trend Report* for April recorded a decline of 8.91 points from the previous month, while showing sales to be 16.59 points behind April 1983. Year-to-date figures place the first four months of 1984's sales 20.97 points behind last year . . . The *ASMMA New Order Index* rose 2.9 points to 116.1 in April, up 2.6% from March . . . According to the American Machine Tool Distributors' Assn., sales of new machine tools by distributors were indexed at 61.1 in April, down from the previous month's 75.4. However, the *Distributors' New Orders Trend* rose for the twelfth month in succession, posting a 2.3% gain from the revised March *Index* to stand at 58.5. April new orders in both the metal cutting and metal forming areas are reported as strong . . . Net new orders for U.S machine tools rose by 27% during May, due principally to a surge in orders for metal-forming type machine tools and helped by modest growth in orders from metal-cutting type machines, reports the National Machine Tool Builders' Assn. This total is 137% above the order rate during May 1983 and is the largest monthly order total since Spring 1981. In the area of machine tool shipments, there was a rise of 30% from April. Compared to May 1983, shipments were up 51% for the month . . . The National Welding Supply Assn.'s *Welding Supply Index* went down to 174.6 for April. However, the April reading gained 22.2% in comparison to April 1983. General welding supplies dropped 16.0% and equipment was down 14.1%.

communications systems and computer centers, Transnet provides a means of direct, near-instantaneous communication between manufacturers and their direct-buying customers, enabling the entry and processing of error-free purchase orders on a round-the-clock basis, according to BSA.

Both high-speed and low-speed service are available through Transnet. Most Transnet customers are equipped with in-house computer systems and are able to use the system on a high-speed basis. However, elaborate EDP hardware and trained technicians are not required to access the Transnet system. For low-speed operations, a modified TWX terminal or touch telephone is all that is required.

Use of the Transnet system for a distributor would be relatively simple. To place an order, for example, a distributor would contact a Transnet data center (there is local-call access to these centers in over 700 U.S. cities), establish identity via a security code and transmit information prepared in a specified format. The Transnet computer then checks the order for superseded or invalid part numbers and unusual quantities, advises the customer of any discrepancies, and then responds with a printed acknowledgement of the order as well as any other pertinent data provided by the manufacturer. The supplier receives an edited, error-free purchase order that can be easily expedited.

Currently there are over 2000 customers accessing Transnet, including about 50 manufacturers, some of whom are BSA members. □

W.H. Matthews made vice president at Dayco Corp.

DAYTON—William H. Matthews has been appointed to the position of corporate vice president of marketing at Dayco Corp., a Fortune 500 manufacturer of original equipment and replacement parts.

Matthews is now responsible for corporate-wide market planning, sales forecasting, marketing research and the evaluation of new marketing opportunities for the corporation.

The new vice president joined Dayco in 1979 and served as manager of marketing research. In 1983 he was elevated to the position of director of corporate marketing research and planning.

Before joining Dayco, Matthews spent two years teaching marketing and management at Stark Technical College in Canton. From 1971 to 1977 he served with General Tire & Rubber Co. of Akron where he was manager of marketing research and assistant national marketing manager for the company. □

Pferd chooses Langs as new president

NEWBURY PARK, CA—Frank N. Langs has been named president of Pferd Inc., a manufacturer of industrial cutting tools, abrasive products and chain saw accessories. Langs was most recently vice president of international marketing and finance for Simonds Cutting Tools, a division of Household International Corp.

When talking about Langs' appointment, Jan Ruggeberg, president of August Ruggeberg of Marienheide, Germany, parent company of Pferd, pointed to Langs' extensive background in metalworking and cutting tool industries. "We are looking to strengthen our position in several key markets and to expand our distributor and dealer networks throughout the country. Mr. Langs will provide the direction we need to achieve these major growth objectives," Ruggeberg said.

Prior to the 13 years he spent with Simonds, Langs was with U.S. Steel Corp. for nine years, holding various managerial positions in Chicago and New York. □

Marketing and selling tools available from NIDA/SIDA

ATLANTA—Available through the NIDA/SIDA sales and marketing committee is the republished *Marketing Simplified: Stocking What You Can Sell*, with updated material that includes information gathered in a recent survey of NIDA/SIDA members and chapter revisions, such as the one covering marketing planning.

Marketing Simplified is a comprehensive self-instructional program in the form of a workbook or manual that deals with the subject of marketing in the industrial distribution industry. The purpose of the manual is to explain what marketing is all about and how each company, regardless of size, can

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REGIONAL REPORT

May sales resume growth

Average sales growth for industrial distributors nationwide rose to 28% in May over last year's figures. This compares to April's gain of 23% and March's gain of 22%, year-to-year (see graph).

The increased growth in sales figures was across the board for most of the regions and areas reporting.

Continuing yearly comparisons, East North Central led the list with a rise of 34%. This compares with a gain of 25% in April. In area reporting, Upstate New York was highest showing a gain of 46%. This compares with 21% in April.

In month-to-month reporting, the figures reversed several negative figures in April. Although the figures here are not as strong as in the other categories, the combined averages are all in the plus column, with the U.S. total up 7%.

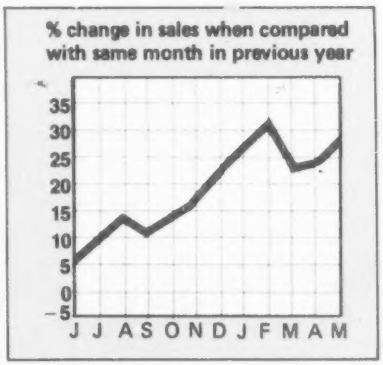
The cumulative or five-month tally for '84, compared to '83, continues strong. The largest sales gain to date was registered by East North Central among the regions, up 34%, Wisconsin in area reporting up 38%.

The smallest regional gain was 19% from the South Atlantic. In area gains, Oregon-Washington was smallest, up 14%.

Receivables have stubbornly retained high figures in spite of the recovery, hovering in the high-thirty, low-forty zone. There is no discernible change or trend in average days outstanding. May '84 compared to May '83 (see table). By way of comparison, most of the pre-recession figures (1981) were in the mid- to upper-thirties. □

RECEIVABLES*	May '84 Gen.	May '84 Spec.	May '83 Gen.	May '83 Spec.
New England	39	50	41	49
Middle Atlantic	44	43	40	45
South Atlantic	33	37	35	38
East North Central	36	38	37	39
East South Central	33	—	34	—
West North Central	—	39	—	35
West South Central	—	42	—	44
Mountain	—	—	—	—
Pacific	42	42	45	41
National	38	42	39	42

*Average days outstanding



Sales trend upward in May . . .

SALES BY REGIONS (% change)* *	May '84 vs April '84 Gen.	Spec.	Both	May '84 vs May '83 Gen.	Spec.	Both	1st 5 mos. '84 vs 1st 5 mos. '83 Gen.	Spec.	Both
NEW ENGLAND: CT, RI, MA, NH, VT, ME	+8	+7	+8	+23	+27	+25	+21	+26	+23
Connecticut	—	—	—	—	—	—	—	—	—
Massachusetts	+5	+8	+7	+19	+30	+27	+17	+28	+25
MIDDLE ATLANTIC: NY, NJ, PA	+8	+12	+10	+29	+32	+31	+15	+25	+21
New York Metropolitan Area	—	—	—	—	—	—	—	—	—
Upstate New York	+18	+18	+18	+50	+38	+46	+21	+32	+24
Pennsylvania	−8	+11	+3	+11	+36	+26	+13	+31	+23
SOUTH ATLANTIC: DE, DC, MD, FL, GA, NC,	+11	+9	+10	+36	+16	+24	+21	+17	+19
SC, VA, WV	—	—	—	—	—	—	—	—	—
Georgia-Florida	+10	+8	+8	+26	—	—	+10	+24	+20
EAST NORTH CENTRAL: OH, IN, IL, MI, WI	+4	+12	+8	+36	+32	+34	+34	+34	+34
Indiana	—	+10	—	—	−10	—	—	+12	—
Wisconsin	+4	+17	+14	+18	+42	+37	+22	+43	+38
Chicago	—	—	—	—	—	—	—	—	—
Michigan	—	—	—	—	—	—	—	—	—
Ohio	−1	+4	+2	+29	+25	+26	+30	+24	+26
EAST SOUTH CENTRAL: AL, MS, KY, TN	+8	—	—	+32	—	—	+38	—	—
WEST NORTH CENTRAL: MN, ND, SD, IA, NE, KS, MO	−3	+27	+23	−9	+38	+31	−1	+27	+23
WEST SOUTH CENTRAL: AK, LA, OK, TX	−5	+5	+4	+14	+21	+21	—	+19	—
Texas	—	+3	—	—	+17	—	—	+19	—
MOUNTAIN: NM, AZ, CO, UT, NV, WY, MT, ID	—	—	—	—	—	—	—	—	—
PACIFIC: CA, OR, WA	−9	+17	+2	+22	+23	+21	+21	+23	+21
L.A.-San Diego	—	—	—	—	—	—	—	—	—
Oregon-Washington	+3	+7	+5	+17	+22	+20	+13	+15	+14
U.S. TOTALS	+2	+12	+7	+29	+27	+28	+24	+25	+25

NOTE

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